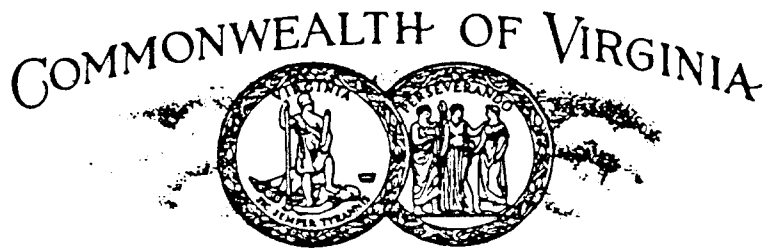


JAMES M. THOMSON
COMMISSIONER OF INSURANCE

THOMAS S. NARDO
FIRST DEPUTY COMMISSIONER



BOX 1157
RICHMOND, VA. 23209
TELEPHONE (804) 786-3741

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

February 25, 1985

ADMINISTRATIVE LETTER 1985-5

TO: ALL COMPANIES AND RATE SERVICE ORGANIZATIONS LICENSED FOR
GENERAL LIABILITY INSURANCE IN THE COMMONWEALTH OF VIRGINIA

RE: LIABILITY POLICIES - DEFENSE COSTS/CLAIMS EXPENSES INCLUDED
IN THE LIMIT OF LIABILITY

LIABILITY POLICIES - DEDUCTIBLE APPLYING TO DEFENSE
COSTS/CLAIMS EXPENSE

We have recently received general liability policies which stipulate that defense costs/claims expenses are not supplementary payments but are to be included in the Limit of Liability. In addition, policy filings have been received which contain a deductible provision requiring the deductible be applied to defense costs/claims expenses.

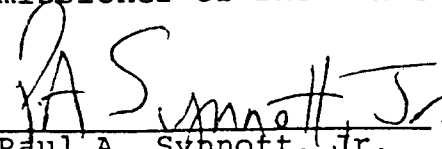
It is the Bureau's position that these provisions are misleading unless the Declarations page prominently displays a notification to the insured outlining these restrictions in coverage.

Please review your currently approved filings and make the changes necessitated by the Bureau's requirements as outlined in this Administrative Letter by filing amended Declarations for our review.

Sincerely,

James M. Thomson
Commissioner of Insurance

by:


Paul A. Synnott, Jr.
Deputy Commissioner

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